

**STANDARD CONTRACT RIDER NO. 62
QUALIFIED POLLUTION CONTROL
PROPERTY REVENUE ADJUSTMENT
APPLICABLE TO RETAIL RATE GROUPS**

The applicable charges for electric service to the Company's retail customers, to the extent so served, shall include a charge to reflect rate base treatment for qualified pollution control property in accordance with I.C. 8-1-2-6.6 and 170 IAC 4-6. The revenue adjustment applicable to the Company's charges for electric service will be determined under the following provision:

The Qualified Pollution Control Property Revenue Adjustment by Rate Group per billing cycle month shall be determined by multiplying the Qualified Pollution Control Property Revenue Adjustment Factor, as determined to the nearest 0.001 mill (\$0.000001) per kilowatt-hour in accordance with the following formula, by the monthly billed kilowatt-hours in the case of customers receiving metered service and by the estimated monthly kilowatt-hours used for rate determination in the case of customers receiving unmetered service.

Qualified Pollution Control Property
Revenue Adjustment Factor by Rate Group =

$$\frac{a \times b \times c \times d}{e}$$

where:

1. "a" is the jurisdictional cost of the Company's cumulative qualified pollution control property including costs of completed capital projects or parts of capital projects that comply with provisions of Commission Rule 170 IAC 4-6. For purposes of determining the value of such capital projects for this rate mechanism, the Company's costs as recorded in its books of account in accordance with the Uniform System of Accounts prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act shall be used.
2. "b" is the Company's weighted average cost of capital as of the date of valuation of the qualified pollution control property.
3. "c" is the revenue conversion factor (after interest expense synchronization) used to convert return to operating revenues.
4. "d" is the individual retail rate group's production demand allocator used for allocation purposes in the cost of service study in Cause No. 42359.
5. "e" is the individual retail rate group's adjusted billing cycle kilowatt-hour sales for the twelve months ending as of the date of valuation of the qualified pollution control property for all retail rate groups other than industrial customers served under Rate HLF. The revenue adjustment for industrial customers served under Rate HLF shall be based on demands within the HLF customer group such that "e" shall be the sum of kilowatts billed for the applicable twelve month period.
6. The Qualified Pollution Control Property Revenue Adjustment Factor by Rate Group is as follows:

Duke Energy Indiana, Inc.

1000 East Main Street
Plainfield, Indiana 46168

IURC No. 14

Tenth Revised Sheet No. 62

Cancels and Supersedes

Ninth Revised Sheet No. 62

Page 2 of 4

**STANDARD CONTRACT RIDER NO. 62
QUALIFIED POLLUTION CONTROL
PROPERTY REVENUE ADJUSTMENT FACTOR
APPLICABLE TO RETAIL RATE GROUPS**

<u>Line No.</u>	<u>Retail Rate Group</u>	Qualified Pollution Control Property Revenue Adjustment Factor Per KWH (A)	Qualified Pollution Control Property Revenue Adjustment Factor Per Non-Coincident KW (B)	<u>Line No.</u>
1	Rate RS	\$0.004357		1
2	Rates CS and FOC	0.004762		2
3	Rate LLF	0.004357		3
4	Rate HLF		\$1.930244	4
5	Purdue-Supplemental	0.001403		5
6	Impact/Net Forge	0.005341		6
7	Nucor	0.003133		7
8	CSN	0.000000		8
9	Rate OL	0.001330		9
10	Rate WP	0.003381		10
11	Rate SL	0.001327		11
12	Rate AL	0.001059		12
13	Rate MHLS	0.001139		13
14	Rates MOLS and UOLS	0.000125		14
15	Rates TS, FS and MS	\$0.003938		15

Issued:

December 23, 2008

Effective the later of
the date of the Commission's
Order or the first billing
cycle of January 2009

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Tenth Revised Sheet No. 62

Cancels and Supersedes

Ninth Revised Sheet No. 62

Page 3 of 4

**STANDARD CONTRACT RIDER NO. 62
QUALIFIED POLLUTION CONTROL
PROPERTY REVENUE ADJUSTMENT
APPLICABLE TO RETAIL RATE GROUPS****ALLOCATED SHARE OF ADJUSTED SYSTEM PEAK DEMAND FOR
RETAIL CUSTOMERS BY RATE GROUP EXPRESSED
AS A PERCENTAGE OF THE COMPANY'S ADJUSTED TOTAL RETAIL SYSTEM PEAK
DEMAND AS DEVELOPED FOR COST OF SERVICE PURPOSES IN CAUSE NO. 42359**

<u>Line No.</u>	<u>Rate Groups</u>	<u>KW Share of System Peak</u> (A)	<u>Percent Share Of System Peak</u> (B)	<u>Line No.</u>
1	Rate RS	1,582,005	36.727%	1
2	Rates CS and FOC	224,244	5.206%	2
3	Rate LLF	628,152	14.583%	3
4	Rate HLF	1,808,886	41.994%	4
5	Purdue-Supplemental	10,481	0.243%	5
6	Impact/Net Forge	7,860	0.182%	6
7	Nucor	19,045	0.442%	7
8	CSN	0	0.000%	8
9	Rate OL	4,855	0.113%	9
10	Rate WP	17,235	0.400%	10
11	Rate SL	2,185	0.051%	11
12	Rate AL	272	0.006%	12
13	Rate MHLS	282	0.007%	13
14	Rates MOLS and UOLS	69	0.002%	14
15	Rates TS, FS and MS	1,893	0.044%	15
16	TOTAL RETAIL	<u>4,307,464</u>	<u>100.000%</u>	16

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IURC No. 14
 Tenth Revised Sheet No. 62
 Cancels and Supersedes
 Ninth Revised Sheet No. 62
[Page 4 of 4](#)

**STANDARD CONTRACT RIDER NO. 62
 QUALIFIED POLLUTION CONTROL
 PROPERTY REVENUE ADJUSTMENT
 APPLICABLE TO RETAIL RATE GROUPS**

**BILLING CYCLE KWH SALES FOR THE COMPANY'S
 RETAIL CUSTOMERS BY RATE GROUP BASED
 ON THE TWELVE-MONTH PERIOD ENDED JUNE 30, 2008**

<u>Line No.</u>	<u>Rate Groups</u>	<u>Billing Cycle KWH Sales</u> (A)	<u>Sum Of Monthly Non-Coincident Peak Demands</u> (B)	<u>Line No.</u>
1	Rate RS	9,432,032,566		1
2	Rates CS and FOC	1,223,031,583		2
3	Rate LLF	3,744,375,064		3
4	Rate HLF	12,500,149,855	24,340,826	4
5	Purdue-Supplemental	193,807,914		5
6	Impact/Net Forge	38,126,197		6
7	Nucor	157,841,262		7
8	CSN	0		8
9	Rate OL	95,059,944		9
10	Rate WP	132,375,489		10
11	Rate SL	42,987,404		11
12	Rate AL	6,336,821		12
13	Rate MHLS	6,875,515		13
14	Rates MOLS and UOLS	17,956,180		14
15	Rates TS, FS and MS	12,498,739		15
16	TOTAL RETAIL	<u>27,603,454,533</u>		16

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